



**Billing Code: 5001-06**

**DEPARTMENT OF DEFENSE**

**Office of the Secretary**

**(Transmittal No. 16-39)**

**36(b)(1) Arms Sales Notification**

**AGENCY:** Department of Defense, Defense Security Cooperation Agency.

**ACTION:** Notice.

**SUMMARY:** The Department of Defense is publishing the unclassified text of a section 36(b)(1) arms sales notification. This is published to fulfill the requirements of section 155 of Public Law 104-164 dated July 21, 1996.

**FOR FURTHER INFORMATION CONTACT:** Chandelle K. Parker, DSCA/LMO, (703) 697-9027.

The following is a copy of a letter to the Speaker of the House of Representatives,  
Transmittal 16-39 with attached Policy Justification and Sensitivity of Technology.

Dated: July 20, 2016.

Aaron Siegel,  
Alternate OSD Federal Register Liaison Officer,  
Department of Defense.

**DEFENSE SECURITY COOPERATION AGENCY**

201 12TH STREET SOUTH, STE 203  
ARLINGTON, VA 22202-5408

JUL 1 2016

The Honorable Paul D. Ryan  
Speaker of the House  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Speaker:

Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, we are forwarding herewith Transmittal No. 16-39, concerning the Department of the Navy's proposed Letter(s) of Offer and Acceptance to the Government of Chile for defense articles and services estimated to cost \$140.1 million. After this letter is delivered to your office, we plan to issue a news release to notify the public of this proposed sale.

Sincerely,

J. W. Rixey  
Vice Admiral, USN  
Director

Enclosures:

1. Transmittal
2. Policy Justification
3. Sensitivity of Technology



## Transmittal No. 16-39

Notice of Proposed Issuance of Letter of Offer  
Pursuant to Section 36(b)(1)  
of the Arms Export Control Act, as amended

(i) Prospective Purchaser: Government of Chile

(ii) Total Estimated Value:

Major Defense Equipment*	\$ 73.2 million
Other	<u>\$ 66.9 million</u>
TOTAL	\$140.1 million

(iii) Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:

Major Defense Equipment (MDE):

Thirty-thirty (33) Evolved Seasparrow Missiles (ESSMs)  
Six (6) Evolved Seasparrow Telemetry Missiles  
Three (3) MK 41 Vertical Launching Systems (VLS), tactical version,  
baseline VII

Non-MDE:

This request also includes the following Non-MDE: Five (5) ESSM Shipping Containers, Five (5) MK-73 Continuous Wave Illumination Transmitters, Ten (10) MK25 Quad Pack Containers, One (1) Inertial Missile Initializer Power Supply (IMIPS), canisters, spare and repair parts, support and test equipment, publications and technical documentation, personnel training, U.S. Government and contractor engineering, technical and logistics support services, technical assistance, installation and integration oversight support, logistics, program management, packaging and transportation.

(iv) Military Department: Navy

(v) Prior Related Cases, if any: CI-P-AFO, P&A data

(vi) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None

(vii) Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold: See Annex attached.

(viii) Date Report Delivered to Congress: 1 July 2016

\*as defined in Section 47(6) of the Arms Export Control Act.

## POLICY JUSTIFICATION

### Chile – Evolved Seasparrow Missiles (ESSMs):

The Government of Chile has requested a possible sale of:

#### Major Defense Equipment (MDE):

Thirty-thirty (33) Evolved Seasparrow Missiles (ESSMs)

Six (6) Evolved Seasparrow Telemetry Missiles

Three (3) MK 41 Vertical Launching Systems (VLS), tactical version, baseline VII

#### Non-MDE:

This request also includes the following Non-MDE: Ten (10) MK25 Quad Pack Canisters; Five (5) ESSM Shipping Containers; Five (5) MK-73 Continuous Wave Illumination Transmitters, One (1) Inertial Missile Initializer Power Supply (IMIPS); spare and repair parts, support and test equipment, publications and technical documentation, personnel training, U.S. Government and contractor engineering, technical and logistics support services, technical assistance, installation and integration oversight support, logistics, program management, packaging and transportation.

The total estimated value of MDE is \$73.2 million. The total overall estimated value is \$140.1 million.

This proposed sale will contribute to the foreign policy and national security of the United States by increasing Chile's ability to contribute to regional security and promoting interoperability with the U.S. forces. The sale will provide upgraded air defense capabilities on Chile's type 23 frigates. The proposed sale improves Chile's capability to deter regional threats and strengthen its homeland defense. Chile will have no difficulty absorbing this equipment into its armed forces.

The proposed sale of this equipment and support will not alter the basic military balance in the region.

The prime contractors will be Raytheon Missile Systems, Tucson, Arizona, BAE Systems, Aberdeen, South Dakota, and Lockheed Martin, Bethesda, MD. There are no known offset agreements proposed in connection with this potential sale.

Implementation of this proposed sale will not require the assignment of any additional U.S. Government or contractor representatives to Chile.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

Transmittal No. 16-39

Notice of Proposed Issuance of Letter of Offer  
Pursuant to Section 36(b)(1)  
of the Arms Export Control Act

Annex  
Item No. vii

(vii) Sensitivity of Technology:

1. The sale of Evolved Seasparrow missiles (ESSM) under this proposed FMS case will result in the transfer of classified missile equipment to Chile. Both classified and unclassified defense equipment and technical data will be transferred. The missile includes the guidance section, warhead section, transition section, propulsion section, control section and Thrust Vector Control (TVC), of which the guidance section and transition section are classified CONFIDENTIAL. Standard missile documentation to be provided under this FMS case will include:

- a. Parametric documents classified CONFIDENTIAL.
- b. Missile Handling/Maintenance Procedures.
- c. General Performance Data classified CONFIDENTIAL.
- d. Firing Guidance classified CONFIDENTIAL.
- e. Dynamics Information classified CONFIDENTIAL.

2. The MK 41 Vertical Launching Systems (VLS) is a fixed, vertical, multi-missile launching system with the capability to store and launch multiple missile variants depending on the warfighting mission. MK 41 VLS is a modular, below-deck configuration with each module consisting of 8 missile cells with an associated gas management and deluge system. The highest classification of the hardware to be exported is UNCLASSIFIED. The highest classification of the technical documentation to be exported is UNCLASSIFIED. The highest classification of software to be exported is CONFIDENTIAL.

3. The proposed sale of ESSM under this FMS case will result in the transfer of sensitive technological information and or restricted information contained in the missile guidance section. Certain operating frequencies and performance characteristics are classified SECRET because they could be used to develop tactics

and/or countermeasures to reduce or defeat missile effectiveness.

4. If a technologically advanced adversary were to obtain knowledge of the specific hardware and software elements, primarily performance characteristics, engagement algorithms, and transmitter specific frequencies, the information could be used to develop countermeasures that might reduce weapon system effectiveness.

5. A determination has been made that the recipient country can provide substantially the same degree of protection for the sensitive technology being released as the U.S. Government. This sale is necessary in furtherance of the U.S. foreign policy and national security objectives outlined in the Policy Justification.

6. All defense articles and services listed in this transmittal have been authorized for release and export to Chile.